

Government of Yukon Economic Strategy Implementation

Program Design and Operationalization Project

**Part I: Funding Vehicle Design
Part II: Delivery Mechanisms
Part III: Reporting Frameworks**

Submitted to:

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Government of Yukon Economic Strategy Implementation

Program Design and Operationalization Project

Part I: Funding Vehicle Design

Part II: Delivery Mechanisms

Part III: Reporting Frameworks

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Preface

In fulfillment of its new mandate, the Government of Yukon's Department of Economic Development has recently completed an economic strategy entitled *A New Direction: Building a Sustainable Yukon Economy*. The strategy was formulated on the basis of consultations with a stakeholder group representing 13 umbrella organizations as well as discussions with representatives from 18 additional organizations. The need for funding vehicles which will foster the development of the Yukon's "sustainable competitive advantage" was confirmed in the course of completing the strategy.

Three contribution agreement-based funding vehicles have been identified for implementation by Yukon Economic Development. Their working titles are:

- *Enterprise Development Fund*
- *Strategic Industries Development Fund*
- *Regional Economic Development Fund*

The purpose of this project has been to assist Yukon Economic Development with the design and operationalization of the three funding vehicles. Per the project terms of reference, project work has been divided into three parts. Part I is to outline the design of the three programs. Part II of the project will develop the program delivery mechanisms including the approval process and guidelines for disbursement for each of the three programs. Project reporting mechanisms and a financial accountability framework for each program will be constructed in Part III of the project.

1.0 Enterprise Development Fund

The Enterprise Development Fund is to be administered by the Investment, Trade and Business Development Branch of the Department of Economic Development. Funds available for disbursement in the 2004/05 fiscal year are expected to total \$1.0 million. The term of the fund is indefinite subject to annual budget appropriations.

1.1 EDF Design Elements

1.1.1 Program need

Yukon businesses are truly small. According to the latest Yukon Business Survey, there were 2,204 businesses operating in the Yukon in 2003. Almost 60% of the 2,204 businesses reported gross revenues in their previous fiscal year of less than \$100,000, while 30% of businesses reported gross revenues of between \$100,000 and \$900,000.

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Only 10% of Yukon businesses reported gross revenues of more than \$900,000 in their previous fiscal year. More than half (56%) of Yukon businesses are home-based.

The Yukon Business Survey also asked business owners about what they think are the disadvantages of doing business in the Yukon. Almost one-third (31%) of business owners cited the distance Yukon is from suppliers and markets and the associated increase in time and expenses. The second most common disadvantage, noted by 24% of business owners, was that the small market/population size of the Yukon places a limit on how much business can be done. Similar business community sentiment with regard to market isolation and size was also expressed during the stakeholder consultation undertaken by the Department of Economic Development in the fall of 2003.

1.1.2 Program purpose

In fulfillment of its commitment to foster the development of the Yukon's sustainable competitive advantage and in response to the stated needs of the business community, Yukon Economic Development is establishing an Enterprise Development Fund. The purpose of the Enterprise Development Fund is to enhance the ability of Yukon businesses to generate sales of Yukon products and services in markets located outside the territory.

1.1.3 Principles

The design and administration of the Enterprise Development Fund is intended to reflect the following principles:

- The private sector is the preferred engine of economic growth for the Yukon economy;
- Intervention by government in the Yukon economy must be justified by a reasonable expectation of long-term economic benefits in the form of business expansion and employment creation;
- Government funding shall not alter level playing fields in the business community by fostering unfair competition nor shall it create barriers to entry for new businesses by subsidizing increased market share;
- Financial risk must be shared between funding proponents and government;
- Funding requirements will reflect a fair balance between financial accountability for the expenditure of public funds and the administrative burden borne by fund applicants;
- All funding applications will be treated in a fair and impartial manner; and

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- The processing of applications will be conducted as expeditiously as considerations of due diligence allow.

I.1.4 Objectives

The objectives of the Enterprise Development Fund are to:

- contribute to the formation of new marketing alliances;
- improve business knowledge networks;
- expand export volumes;
- increase Yukon business revenues;
- encourage business owner/operators to increase staffing levels through expanded market opportunities;
- attract outside investment for the development of Yukon's export businesses.

I.1.5 Outcomes

The intended outcomes of Enterprise Development Fund activities include:

- a more innovative and competitive Yukon economy;
- diminished role for government in facilitating business development;
- increased private sector employment relative to public sector employment; and

I.1.6 Eligible applicants

The following types of businesses and organizations are eligible to apply to the Enterprise Development Fund:

- Businesses (whether structured as a proprietorship, partnership or corporation) which meet the definition of a "Yukon Business" as outlined in the Yukon Government Contracting Directive;
- Cooperatives which meet the definition of a "Yukon Business" as outlined in the Yukon Government Contracting Directive;
- Yukon First Nation Development Agencies (whether structured as a corporation or a trust);
- Industry associations; and
- Not-for-profit agencies (incorporated under the *Yukon Societies Act*)

n.b. Individuals are not eligible EDF applicants

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1.1.7 Eligible activities

Assistance under the Enterprise Development Fund is available for the activities described below:

- Research to identify new export markets for Yukon products and services;
- Participation in trade missions, business conventions and exchanges with demonstrated potential to increase export demand for Yukon products and services;
- Assistance for pre-commercialization development of innovative products;
- Creation of promotional material.
- Organization and promotion of conferences, trade fairs, and other networking or marketing events;
- Professional fees for preparation of export marketing strategies and plans;
- Consumer evaluation and test marketing; and
- Preparation for incoming trade missions and familiarization tours.

Activities not eligible for funding include:

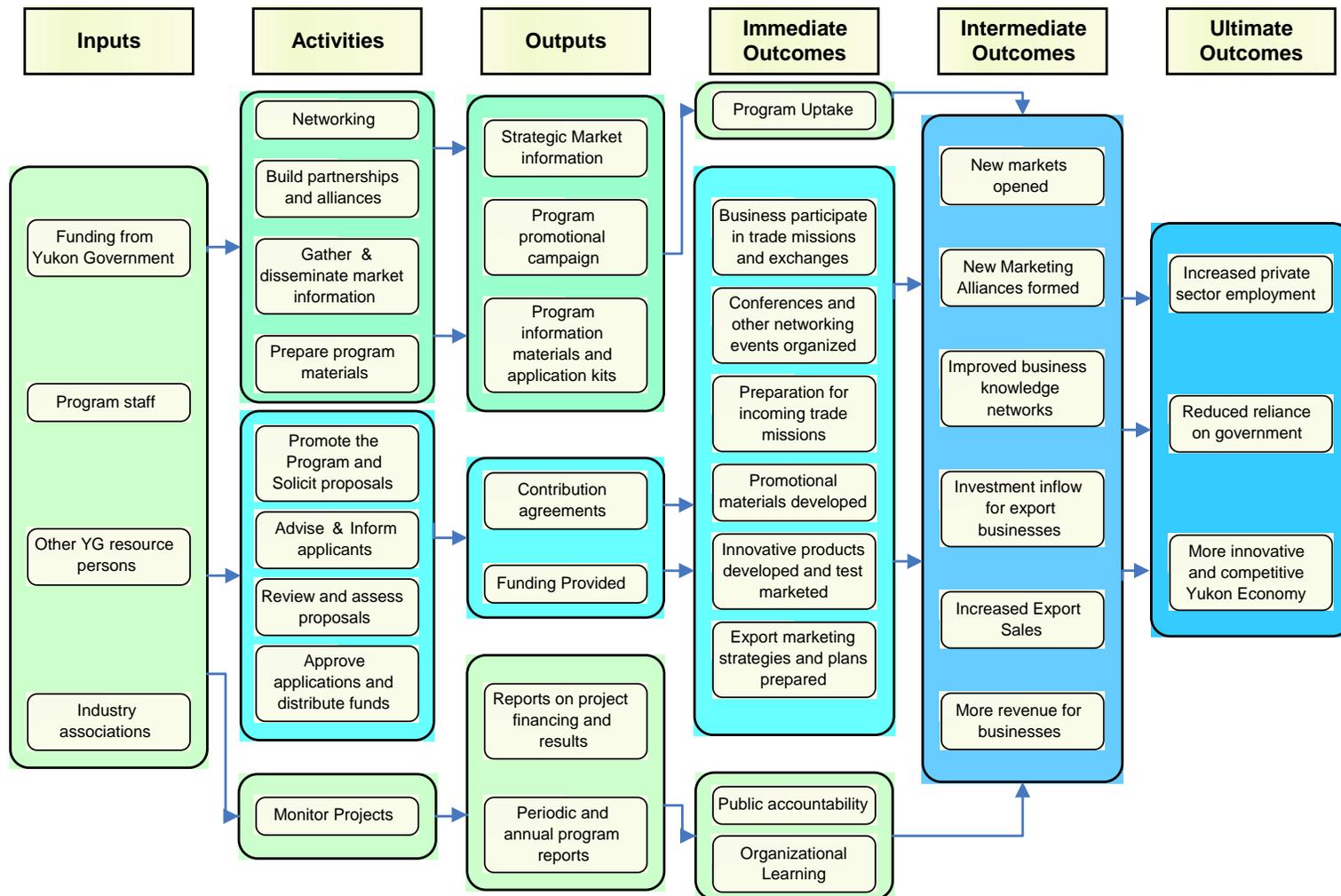
- Training;
- Purchase of capital assets; and
- Leasehold improvements.

1.1.8 Funding mechanism

The proposed funding mechanism for the Enterprise Development Fund is a non-repayable contribution agreement. A sharing of financial risk between the proponent and government must be demonstrated. Not-for-profit organizations may make in-kind contributions towards shared risk.

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**Enterprise Development Fund
Logic Model**



1.2 EDF Delivery Mechanism

1.2.1 Marketing

Marketing and promotion of the Enterprise Development Fund will be undertaken with existing Department of Economic Development resources.

1.2.2 Funding levels

Maximum eligible funding for any single application is \$15,000. The total contribution from all Yukon Government sources in respect of the same project may not equal more than 50% of the total project costs. The proponents own financial contribution to the project must be demonstrated at least 30% of total project costs. The financial contribution of applicants who operate on a for-profit basis must be in the form of cash. The financial contribution of applicants who operate on a not-for-profit basis may be in the form of cash or in the form of in-kind contributions of time and effort by an organization's volunteer members.

1.2.3 Application procedures

Applications forms and guidelines for the Enterprise Development Fund are to be made available at the Department of Economic Development in Whitehorse, at territorial agents in Yukon communities and on the Government of Yukon website.

1.2.4 Intake schedule and approval timing

Enterprise Development Fund applications may be submitted at any time during the year. Applications will be reviewed for completeness by the project intake officers. Proponents will be informed whether their application is complete or not within 6 business days of receipt of the application.

In the case of an incomplete application, the project intake officer will inform the proponent of the specific deficiencies.

When an application is deemed to be complete, the project intake officer will:

- (a) Immediately inform the proponent in writing, either by email or regular post.
- (b) Forward the application to the Assessment Committee.

Proponents will be advised of the disposition of their application no more than 20 business days from the time that their submission has been determined to be complete .

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The disposition of an application will be by one of the following outcomes:

- (a) Approval of the application as submitted.
- (b) Rejection of the application.
- (c) Approval subject to the proponent agreeing to specific changes.

1.2.5 Assessment criteria

All application approvals will be merit-based.

Applications will first be screened on the basis of the following mandatory criteria:

- The applicant is an eligible applicant, as set out in S. 1.1.6;
- The proponent's financial (including in-kind) contribution equals or exceeds the amounts set out in S. 1.2.2;
- The proposed activities comply with the criteria for eligible activities set out in S. 1.1.7.

Any application that fails to meet any of the screening criteria will be rejected, without further consideration.

The rating criteria against which application will be assessed include:

- Written demonstration of how the project will achieve one or more of the stated objectives of the Enterprise Development Fund;
- Reasonableness of the funding request (e.g., strength of the link between costs and project outcomes);
- Likelihood of the project resulting in new employment or wealth creation;
- Experience and qualifications of the proponent;
- Success of previous projects undertaken by the same proponent assisted by the Enterprise Development Fund;
- For applications involving the pre-commercialization of innovative products, an assessment of commercialization potential;
- Number of other Yukon businesses likely to directly benefit from the project.

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1.2.6 Approval authority

Each funding application will be assigned to a project officer who will be responsible for preparing an assessment of the application including a recommendation for approval/disapproval. Each application assessment will be reviewed by a committee comprised of no fewer than two Project Officers and one Manager which may be assembled on an *ad hoc* basis according to the receipt of applications. Final approval by the Deputy Minister of Yukon Economic Development is required for all applications.

1.2.7 Financial details

Projects funds will be disbursed according to the following guidelines:

- Project proponents may request an advance payment of up to 50% of approved funding upon signing of the contribution agreement;
- Project proponents may request interim payments upon written demonstration of work and third-party costs to date which together with the advance payment total no more than 80% of approved funding;
- Final payments (equal to total approved funding less all advance and interim payments) are to be made only upon receipt of a complete final report from the project proponent.
- Surplus funds (the excess of funding received by the proponent but not spent on an eligible activity) must be repaid in full to the Government of Yukon.
- The same proponent may make more than one application in the same fiscal year but may not receive more than \$15,000 in funding in any one fiscal year.

1.3 EDF Reporting Framework

The reporting framework is intended to provide for public accountability, and to provide performance information necessary for good management of the program.

1.3.1 Program Interest and Uptake Information

Program uptake information is an indicator of the achievement of the program marketing outputs. In addition, timely information about program interest and uptake is important for the ongoing management of the program.

Project intake officials shall:

- Create and maintain a log of all interactive contacts (by phone, in person or by email) between of program officials and prospective clients, in the form of an electronic database. The log will include the information required to generate

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- the reports described below, along with proponent contact information required for possible program evaluations.
- Create and maintain a registry of all applications, in the form of an electronic database. This database will contain a subset of the information contained in the paper files for each application, and is intended to facilitate the timely creation of activity, progress, and performance reports. The registry shall include the information required to generate the reports described below, along with proponent contact information required for possible program evaluations.
 - Submit a monthly activity report to the Deputy Minister which includes the following information broken down by type of applicant; type of activity; and location:
 - Number of prospective applications.
 - Number of prospective applications converted to actual applications.
 - Number of pre-application processes terminated.
 - Summary of reasons for termination, where known.
 - Submit a monthly status report on applications received to the Deputy Minister, which includes the following information broken down by type of applicant; type of activity; and location:
 - Applications received since previous report.
 - Total applications to date.
 - Funding applied for by: program; type of applicant; type of activity; and location.
 - Other potential funding or in-kind contributions by source.
 - Disposition of the applications by: pending; accepted; rejected; returned for amendments; and
 - Descriptions of any complaints received concerning perceptions that program activities are resulting in an uneven playing field in the business community or the creation of barriers to entry.
 - The latest activity and application status reports will be provided to the members of the *ad hoc* selection committee, prior any application review meeting.

1.3.2 Project Financial Reporting

Funding recipients shall maintain records of:

- Personnel involved in the project; including those whose volunteer labour is being deemed to be an in-kind contribution, for purposes of matching project funds.
- Expenditures of Yukon Government funding by approved category.

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- Expenditures of all other source project funding, by category.
- In-kind contributions by source and by approved category of use.

Recipients shall report all project expenditures, by source and category upon making a request for a progress payment. The expenditure reports will be made at least every quarter; or upon the earlier request of the Deputy Minister at any time the Deputy Minister considers appropriate, and in the public interest.

Project officers shall compile and verify financial information as it is submitted by funding recipients, and will submit a monthly financial summary report to the Deputy Minister. The financial report will be keyed to the project; and broken down by: type of applicant; type of activity; and location. The report shall contain the following information:

- Funds disbursed to recipients.
- Funds committed, but not yet disbursed.
- Value of project expenditures funded by other sources of funding, or value of in-kind contributions made to date.
- Amount of funds being held back for final project completion.
- Where applicable, amended project funding amounts, purposes, or funding timelines. Such amendments are subject to approval by the Deputy Minister.
- Amount (if any) of funding in dispute.
- Amount (if any) of funding returned to the Yukon Government.
- Amount (if any) of funds paid out, but owed back to the Yukon Government for whatever reason.

1.3.3 Project Performance Reporting

Recipients shall submit an interim progress report on the activities carried out on the project at least every quarter, or earlier upon application for interim or final payments.

Recipients may report on any project outputs produced at any time, and they shall report on project outputs upon submitting a request for final payment.

Recipients shall submit a progress report on activities or project outputs, upon the request of the Deputy Minister, at any time the Deputy Minister considers to be appropriate, and in the public interest.

Project Officers shall compile project activity and output reports, and submit a summary progress report to the Deputy Minister each quarter.

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Where the Deputy Minister deems it to be appropriate, the Project Officer shall independently verify the achievement of project outputs. This verification may involve a site-visit, interviews, examination of documents or other deliverables, or other suitable investigative method.

1.3.6 Program Financial and Performance Reporting

The Deputy Minister shall submit an Annual Report on the program to the Minister. The Minister shall table the Annual Report in the Legislature, at the earliest opportunity.

The Annual Report shall include the following information:

- Number and value of applications, by: type of recipient; type of activity; and location.
- Number and value of funded projects by: type of recipient; type of activity; and location. The program uptake is a measure of one of the Immediate Outcomes, as set out in the Program Logic Model
- Value of other funding, and in-kind contributions by: type of recipient; type of activity; and location.
- Summary of project outputs by: type of recipient; type of activity; and location. In aggregate, the project outputs comprise most of the “Immediate Outcomes” of the program, as set out in the program logic model.
- A summary of the organizational learning that has taken place, as a result of the program monitoring over the previous year. This summary would include any actions taken to modify the reach, objectives, funding profile, or implementation processes of the program. Organizational learning is one of the Immediate Outcomes, as set out in the Program Logic Model.
- A report on the following indicators of Intermediate Outcomes:
 - Number of new markets opened for Yukon products or services;
 - Number of new marketing alliances formed;
 - Improvement in business knowledge networks;
 - Value of new investment for Yukon-based export businesses;
 - Change in value of export sales of Yukon products or services;
 - Change in business revenue.
- A report on the following indicators of Ultimate Outcomes (with suitable disclaimers concerning measurement difficulties, and problems with attribution):
 - Change in private sector employment;
 - Change in business reliance on government;
 - Change in level of innovation and competitiveness of the Yukon economy.
- Goals and objectives for the coming year.

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I.3.4 Audit and Evaluation Requirements

The Deputy Minister or Minister may initiate an audit or evaluation of any project, at any time the Deputy Minister or Minister considers to be appropriate, and in the public interest.

The Deputy Minister or Minister may initiate an evaluation of the program, at any time the Deputy Minister or Minister considers to be appropriate, and in the public interest; within one year of the termination of the program.

The program is also subject to whatever internal or external audits may be initiated by Management Board, or the Legislative Assembly.

Funding recipients shall:

- Maintain all project financial, personnel, and performance information records for a minimum of five years following the completion of the project.
- Upon written request, and with appropriate notice, provide authorized representatives of the Yukon Government with access to the project work site(s), for up to one-year following completion of the project.
- Provide authorized representatives of the Yukon Government with access to relevant records for a minimum of five years following the completion of the project.
- Participate in interviews, focus groups, or other reasonable information gathering activities, in conjunction with a program evaluation.
- Audit and evaluation reports shall be made public, within a reasonable time of completion, with the exception of any information protected under the *Access to Information and Protection of Privacy Act*.

2.0 Strategic Industries Development Fund

The Strategic Industries Development Fund is to be administered by the Strategic Industries Development Branch of the Department of Economic Development. Funds available for disbursement in the 2004/05 fiscal year are expected to total \$1.5 million. The term of the fund is indefinite subject to annual budget appropriations.

2.1 SIDF Design Elements

2.1.1 Program need

During the course of stakeholder consultations undertaken in preparation of Yukon's new economic strategy, two targets for the efforts of the Department of Economic Development were identified, the development of a) strategic industries and b) strategic projects. The two targets were chosen in recognition of their potential to generate significant economic growth. The Yukon's strategic industries include minerals, oil & gas, tourism, cultural industries and information & communications technologies. Strategic projects are those that have the potential to provide not only an immediate economic stimulus but also have potential for secondary benefits at a regional or Yukon-wide level.

2.1.2 Program purpose

In fulfillment of its commitment to foster the development of the Yukon's sustainable competitive advantage Yukon Economic Development is establishing a Strategic Industries Development Fund. The purpose of the Strategic Industries Development Fund is to identify and facilitate development opportunities within the Yukon's strategic industries and to assist strategic projects with potential for broadly-based economic benefits.

2.1.3 Principles

The design and administration of the Strategic Industries Development Fund is intended to reflect the following principles:

- The private sector is the preferred engine of economic growth for the Yukon economy;
- Intervention by government in the Yukon economy must be justified by a reasonable expectation of long-term economic benefits in the form of business expansion and employment creation;

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- Government funding shall not alter level playing fields in the business community by fostering unfair competition nor shall it create barriers to entry for new businesses by subsidizing increased market share;
- Financial risk must be shared between funding proponents and government;
- Funding requirements will reflect a fair balance between financial accountability for the expenditure of public funds and the administrative burden borne by fund applicants; and
- All funding applications will be treated in a fair and impartial manner; and
- The processing of applications will be conducted as expeditiously as considerations of due diligence allow.

2.1.4 Objectives

The objectives of the Strategic Industries Development Fund are to:

- identify strategic industry opportunities;
- facilitate the development of strategic industries and projects through preparation of marketing plans, feasibility assessments and sector strategies;
- encourage employment and wealth creation opportunities in businesses spun off from new strategic industries and projects;
- establish physical and technology infrastructure;
- provide a catalyst for private sector enterprises and Yukon First Nations to pursue and implement joint ventures;
- increased awareness of and investment in strategic industries.

2.1.5 Outcomes

The intended outcomes of Strategic Industries Development Fund activities include:

- increased economic activity in strategic industries;
- successful joint ventures with beneficial community economic impacts;
- positive long-term impacts on employment and wealth creation;
- increased private sector employment relative to public sector employment; and
- an economy more diversified between and within sectors;

2.1.6 Eligible applicants

The following types of businesses and organizations are eligible to apply to the Strategic Industries Development Fund:

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- Businesses (whether structured as a proprietorship, partnership or corporation) which meet the definition of a “Yukon Business” as outlined in the Yukon Government Contracting Directive;
- Cooperatives which meet the definition of a “Yukon Business” as outlined in the Yukon Government Contracting Directive;
- Yukon First Nation Development Agencies (whether structured as a corporation or a trust);
- Industry associations; and
- [deleted].

2.1.7 Eligible activities

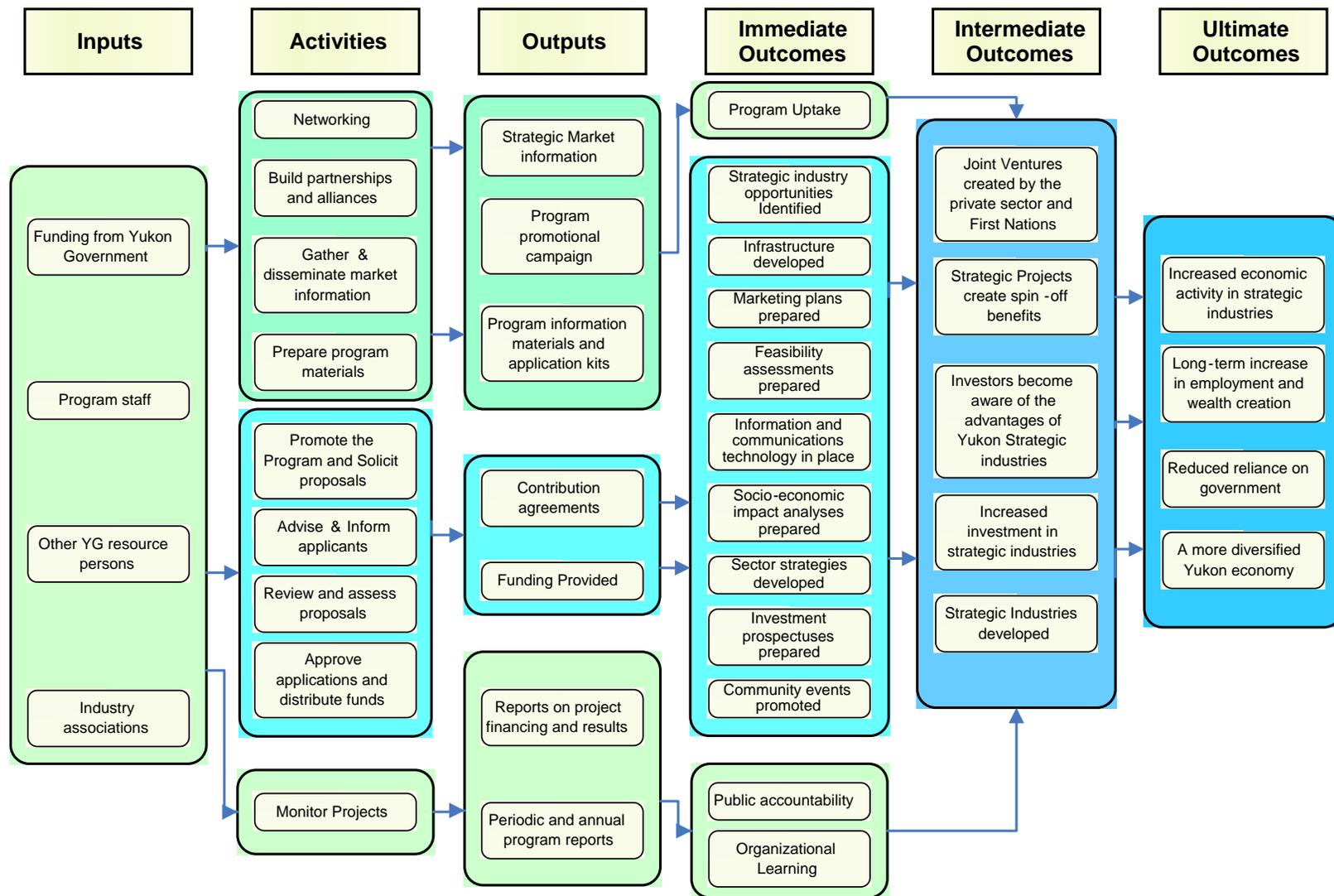
Assistance under the Strategic Industries Development Fund is available for the activities described below:

- Research to identify emerging opportunities in strategic industries;
- Construction of physical and technology infrastructure which will benefit more than one business;
- Professional fees for preparation of a) marketing plans for strategic industries, b) feasibility assessments of strategic projects, c) socio-economic impact analyses, d) business plans for strategic industries and projects e) business case analyses for strategic industries and projects.
- Development of promotional measures designed to attract investment to strategic industries;
- Diffusion of information and communication technologies which improve productivity in strategic industries;
- Research to identify and address barriers to industry development;
- Development of sector strategies for strategic industries; and
- Promotion of community events intended to create a “culture of innovation”.
- Professional fees for preparation of investment prospectuses and final prospectuses for public share offerings;

2.1.8 Funding mechanism

The proposed funding mechanism for the Strategic Industries Development Fund is a non-repayable contribution agreement. A sharing of financial risk between the proponent and government must be demonstrated. Not-for-profit organizations may make in-kind contributions towards shared risk.

**Strategic Industries Development Fund
Logic Model**



2.2 SIDF Delivery Mechanism

2.2.1 Marketing

Marketing and promotion of the Strategic Industries Development Fund will be undertaken with existing Department of Economic Development resources.

2.2.2 Funding levels

There will be two Tiers for funding:

- Tier I funding is for up to \$50,000;
- Tier II funding may be for up to a maximum of \$500,000.

The total contribution from all Yukon Government sources in respect of the same project may not equal more than 50% of the total project costs. The proponents own financial contribution to the project must be demonstrated at least 40% of total project costs. The financial contribution of applicants who operate on a for-profit basis must be in the form of cash. The financial contribution of applicants who operate on a not-for-profit basis may be in the form of cash or in the form of in-kind contributions of time and effort by an organization's volunteer members.

2.2.3 Application procedures

Applications forms and guidelines for the Strategic Industries Development Fund are to be made available at the Department of Economic Development in Whitehorse, at territorial agents in Yukon communities and on the Government of Yukon website.

2.2.4 Intake schedule and approval timing

Strategic Industries Development Fund applications may be submitted at any time during the year. Applications will be reviewed for completeness by the project intake officers. Proponents will be informed whether or not their application is complete within the following time limits:

- (a) Tier I projects – within 6 business days of receipt of the application;
- (b) Tier II projects – within 12 business days of receipt of the application.

In the case of an incomplete application, the project intake officer will inform the proponent of the specific deficiencies.

When an application is deemed to be complete, the project intake officer will:

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- (a) Immediately inform the proponent in writing, either by email or regular post.
- (b) Forward the application to the Assessment Committee.

Proponents of Tier I funding requests will be advised of the disposition of their application no more than 30 business days from the time that their submission has been determined to be complete. Proponents of Tier II funding requests will be advised of approval or non-approval of their application no more than 40 business days from the time that their submission has been determined to be complete. Determinations of completeness will be made by project intake officers and acknowledged in writing (email or regular post).

The disposition of an application will be by one of the following outcomes:

- (a) Approval of the application as submitted.
- (b) Rejection of the application.
- (c) Approval subject to the proponent agreeing to specific changes.

2.2.5 Assessment criteria

All application approvals will be merit-based.

Applications will first be screened on the basis of the following mandatory criteria:

- The applicant is an eligible applicant, as set out in S. 2.1.6;
- The proponent's financial (including in-kind) contribution equals or exceeds the amounts set out in S. 2.2.2;
- The proposed activities comply with the criteria for eligible activities set out in S. 2.1.7.

Any application that fails to meet any of the screening criteria will be rejected, without further consideration.

Applications for \$50,000 or less funding will be assessed as a Tier I application.

Applications for more than \$50,000, up to the maximum of \$500,000, will be assessed as a Tier II application.

The rating criteria against which all applications will be assessed include:

- Written demonstration of how the project will achieve one or more of the stated objectives of the Strategic Industries Development Fund;

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- Reasonableness of the funding request (e.g., strength of the link between costs and project outcomes);
- Likelihood of the project resulting in new employment or wealth creation;
- Experience and qualifications of the proponent;
- Success of previous projects undertaken by the same proponent assisted by the Strategic Industries Development Fund;
- Likelihood of the project creating future public funding demands

The following additional criteria apply to Tier II applications:

- The expected leverage of the project in terms of increased investment in the Yukon relative to the size of the funding.
- The financial and organizational capacity of the proponent to complete the proposed project.
- The financial, organizational and technical capacity of the proponent to progress to subsequent stages of development.

2.2.6 Approval authority

Tier I applications

Each application for Tier I funding will be assigned to a project officer who will be responsible for preparing an assessment of the application including a recommendation for the disposition of the application. Each application assessment will be reviewed by a committee comprised of no fewer than two Project Officers and one Manager which may be assembled on an *ad hoc* basis according to the receipt of applications. Final approval by the Deputy Minister of Yukon Economic Development is required for all applications.

Final approval by the Deputy Minister of Yukon Economic Development is required for all Tier I applications.

Tier II applications

Each Tier II funding application will be assigned to a project officer who will be responsible for preparing an assessment of the application including a recommendation for the disposition of the project.

Each Tier II application will be reviewed by an inter-departmental Review Committee comprised of senior officials of the following departments: Economic Development;

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Environment; and Highways and Public Works. In addition, other departments with significant interests in specific projects will be asked to provide input. The Review Committee will make recommendations for the disposition of the project to the Deputy Minister of Economic Development.

Final approval by the Deputy Minister of Yukon Economic Development is required for all applications.

2.2.7 Financial details

Projects funds will be disbursed according to the following guidelines:

- Project proponents may request an advance payment of up to 50% of approved funding upon signing of the contribution agreement;
- Project proponents may request interim payments upon written demonstration work and third-party costs to date which together with the advance payment total no more than 80% of approved funding;
- Final payments (equal to total approved funding less all advance and interim payments) are to be made only upon receipt of a complete final report from the project proponent.
- Surplus funds (the excess of funding received by the proponent but not spent on an eligible activity) must be repaid in full to the Government of Yukon.
- The same proponent may make more than one application in the same fiscal year but may not receive more than \$500,000 of funding in any one fiscal year

2.3 SIDF Reporting Framework

The reporting framework is intended to provide for public accountability, and to provide performance information necessary for good management of the program.

2.3.1 Program Interest and Uptake Information

Program uptake information is an indicator of the achievement of the program marketing outputs. In addition, timely information about program interest and uptake is important for the ongoing management of the program.

Project intake officials shall:

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- Create and maintain log of all interactive contacts (by phone, in person or by email) between program officials and prospective clients, in the form of an electronic database. The log will include the information required to generate the reports described below, along with proponent contact information required for possible program evaluations.
- Create and maintain a registry of all applications, in the form of an electronic database. This database will contain a subset of the information contained in the paper files for each application, and is intended to facilitate the timely creation of activity, progress, and performance reports. The registry shall include the information required to generate the reports described below, along with proponent contact information required for possible program evaluations.
- Submit a monthly activity report to the Deputy Minister which includes the following information broken down by type of applicant; type of activity; and location:
 - Number of prospective applications.
 - Number of prospective applications converted to actual applications.
 - Number of pre-application processes terminated.
 - Summary of reasons for termination, where known.
- Submit a monthly status report on applications received to the Deputy Minister, which includes the following information broken down by type of applicant; type of activity; and location:
 - Applications received since previous report.
 - Total applications to date.
 - Funding applied for by: program; type of applicant; type of activity; and location.
 - Other potential funding or in-kind contributions by source.
 - Disposition of the applications by: pending; accepted; rejected; returned for amendments. and
 - Descriptions of any complaints received concerning perceptions that program activities are resulting in an uneven playing field in the business community or the creation of barriers to entry.
- The latest activity and application status reports will be provided to the members of the *ad hoc* review committee, prior any Tier I application review meeting. The reports will similarly be provided to the members of the Interdepartmental Review committee, prior to any Tier II application review meeting.

2.3.2 Project Financial Reporting

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Funding recipients shall maintain records of:

- Personnel involved in the project; including those whose volunteer labour is being deemed to be an in-kind contribution, for purposes of matching project funds.
- Expenditures of Yukon Government funding by approved category.
- Expenditures of all other source project funding, by category.
- In-kind contributions by source and by approved category of use.

Recipients shall report all project expenditures, by source and category upon making a request for a progress payment. The expenditure reports will be made at least every quarter; or upon the earlier request of the Deputy Minister at any time the Deputy Minister considers appropriate, and in the public interest.

Project officers shall compile and verify financial information as it is submitted by funding recipients, and will submit a monthly financial summary report to the Deputy Minister. The financial report will be keyed to the project; and broken down by: type of applicant; type of activity; and location. The report shall contain the following information:

- Funds disbursed to recipients.
- Funds committed, but not yet disbursed.
- Value of project expenditures funded by other sources of funding, or value of in-kind contributions made to date.
- Amount of funds being held back for final project completion.
- Where applicable, amended project funding amounts, purposes, or funding timelines. Such amendments are subject to approval by the Deputy Minister.
- Amount (if any) of funding in dispute.
- Amount (if any) of funding returned to the Yukon Government.
- Amount (if any) of funds paid out, but owed back to the Yukon Government for whatever reason.

2.3.3 Project Performance Reporting

Recipients shall submit an interim progress report on the activities carried out on the project at least every quarter, or earlier upon application for interim or final payments.

Recipients may report on any project outputs produced at any time, and they shall report on project outputs upon submitting a request for final payment.

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Recipients shall submit a progress report on activities or project outputs, upon the request of the Deputy Minister, at any time the Deputy Minister considers to be appropriate, and in the public interest.

Project Officers shall compile project activity and output reports, and submit a summary progress report to the Deputy Minister each quarter.

Where the Deputy Minister deems it to be appropriate, the Project Officer shall independently verify the achievement of project outputs. This verification may involve a site-visit, interviews, examination of documents or other deliverables, or other suitable investigative method.

2.3.4 Program Financial and Performance Reporting

The Deputy Minister shall submit an Annual Report on the program to the Minister. The Minister shall table the Annual Report in the Legislature, at the earliest opportunity.

The Annual Report shall include the following information:

- Number and value of applications, by: type of recipient; type of activity; and location.
- Number and value of funded projects by: type of recipient; type of activity; and location. The program uptake is a measure of one of the Immediate Outcomes, as set out in the Program Logic Model
- Value of other funding, and in-kind contributions by: type of recipient; type of activity; and location.
- Summary of project outputs by: type of recipient; type of activity; and location. In aggregate, the project outputs comprise most of the “Immediate Outcomes” of the program, as set out in the program logic model.
- A summary of the organizational learning that has taken place, as a result of the program monitoring over the previous year. This summary would include any actions taken to modify the reach, objectives, funding profile, or implementation processes of the program. Organizational learning is one of the Immediate Outcomes, as set out in the Program Logic Model.
- A report on the following indicators of Intermediate Outcomes:
 - Number of joint ventures created between the private sector and Yukon First Nations;
 - Type, number, and value of any spin-off benefits created;
 - Change in awareness of investors in the advantages of Yukon strategic industries;
 - Change in investment in Yukon strategic industries;

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- Number and value of new strategic industries developed.
- A report on the following indicators of Ultimate Outcomes (with suitable disclaimers concerning measurement difficulties, and problems with attribution):
 - Change in economic activity in strategic industries;
 - Long-term change in employment in Yukon;
 - Long-term change in level of wealth in Yukon;
 - Change in level of reliance of strategic industries on government assistance;
 - Change in the diversity of the Yukon economy, both in terms of the number of sectors, and diversification within sectors.
- Goals and objectives for the coming year.

2.3.5 Audit and Evaluation Requirements

The Deputy Minister or Minister may initiate an audit or evaluation of any project, at any time the Deputy Minister or Minister considers to be appropriate, and in the public interest.

The Deputy Minister or Minister may initiate an evaluation of the program, at any time the Deputy Minister or Minister considers to be appropriate, and in the public interest; within one year of the termination of the program.

The program is also subject to whatever internal or external audits may be initiated by Management Board, or the Legislative Assembly.

Funding recipients shall:

- Maintain all project financial, personnel, and performance information records for a minimum of five years following the completion of the project.
- Upon written request, and with appropriate notice, provide authorized representatives of the Yukon Government with access to the project work site(s), for up to one-year following completion of the project.
- Provide authorized representatives of the Yukon Government with access to relevant records for a minimum of five years following the completion of the project.
- Participate in interviews, focus groups, or other reasonable information gathering activities, in conjunction with a program evaluation.
- Audit and evaluation reports shall be made public, within a reasonable time of completion, with the exception of any information protected under the *Access to Information and Protection of Privacy Act*.

3.0 Regional Economic Development Fund

The Regional Economic Development Fund is to be administered by the Regional Economic Development Branch of the Department of Economic Development. Funds available for disbursement in the 2004/05 fiscal year are expected to total \$500,000. The term of the fund is indefinite subject to annual budget appropriations.

3.1 REDF Design Elements

3.1.1 Program need

Nine of fourteen Yukon First Nation have now completed the land claims negotiation process. Ratification of final and self-government agreements by at least two additional First Nations is expected in the near future which will bring the total number Yukon First Nations with completed land claim agreements to 11. Notwithstanding measures such as the *Yukon Environmental and Socio-economic Assessment Act*, the completed agreements do (or will) contain other economic development provisions which span the Yukon's economic regions and the traditional territories of Yukon First Nations.

Examples of such provisions are found primarily in Chapter 22 of each self-governing Yukon First Nation's final agreement. Chapter 22 requirements for each self-governing First Nation include the drafting of economic development opportunities plans. Also required are specific economic measures intended to address, among other things, the interests of First Nations in strategic investments in areas such as "transportation, culture communication, agriculture, renewable resource services, energy resources, industry and tourism." Clearly, the success of future economic development in the Yukon will hinge on the effective coordination of planning and development efforts by all parties with regional economic interests.

3.1.2 Program purpose

In fulfillment of its commitment to foster the development of the Yukon's sustainable competitive advantage and in recognition of the need for coordinated economic planning at the regional level, Yukon Economic Development is establishing a Regional Economic Development Fund. The purpose of the Regional Economic Development Fund is to facilitate cohesive and inclusive planning leading to investments which generate mutual benefits for all parties with economic interests within a region.

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3.1.3 Principles

The design and administration of the Regional Economic Development Fund is intended to reflect the following principles:

- The private sector is the preferred engine of economic growth for the Yukon economy;
- Intervention by government in the Yukon economy must be justified by a reasonable expectation of long-term economic benefits in the form of business expansion and employment creation;
- Government funding shall not alter level playing fields in the business community by fostering unfair competition nor shall it create barriers to entry for new businesses by subsidizing increased market share;
- Financial risk must be shared between funding proponents and government;
- Funding requirements will reflect a fair balance between financial accountability for the expenditure of public funds and the administrative burden borne by fund applicants; and
- All funding applications will be treated in a fair and impartial manner.
- The processing of applications will be conducted as expeditiously as considerations of due diligence allow.

3.1.4 Objectives

The objectives of the Regional Economic Development Fund are to:

- stronger business/community networks and enhanced trust at the community level;
- improved community capacity to participate in economic development planning exercises;
- provide support to not-for-profit stakeholders with regional-level economic interests for participation in regional economic planning exercises;
- attract outside investment for the development of Yukon's wealth of natural resources and human capital;

3.1.5 Outcomes

The intended outcomes of Regional Economic Development Fund activities include:

- coordinated regional economic development planning;
- positive long-term impacts on employment and wealth creation;
- fulfillment of the Government of Yukon's Chapter 22 economic development commitments;

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3.1.6 Eligible applicants

The following types of businesses and organizations are eligible to apply to the Regional Economic Development Fund:

- Yukon First Nation Development Agencies (whether structured as a corporation or a trust);
- Municipal and First Nation governments;
- Community associations;
- Businesses (whether structured as a proprietorship, partnership or corporation) which meet the definition of a “Yukon Business” as outlined in the Yukon Government Contracting Directive;
- Local governing bodies;
- Area advisory committees; and
- Industry associations.

3.1.7 Eligible activities

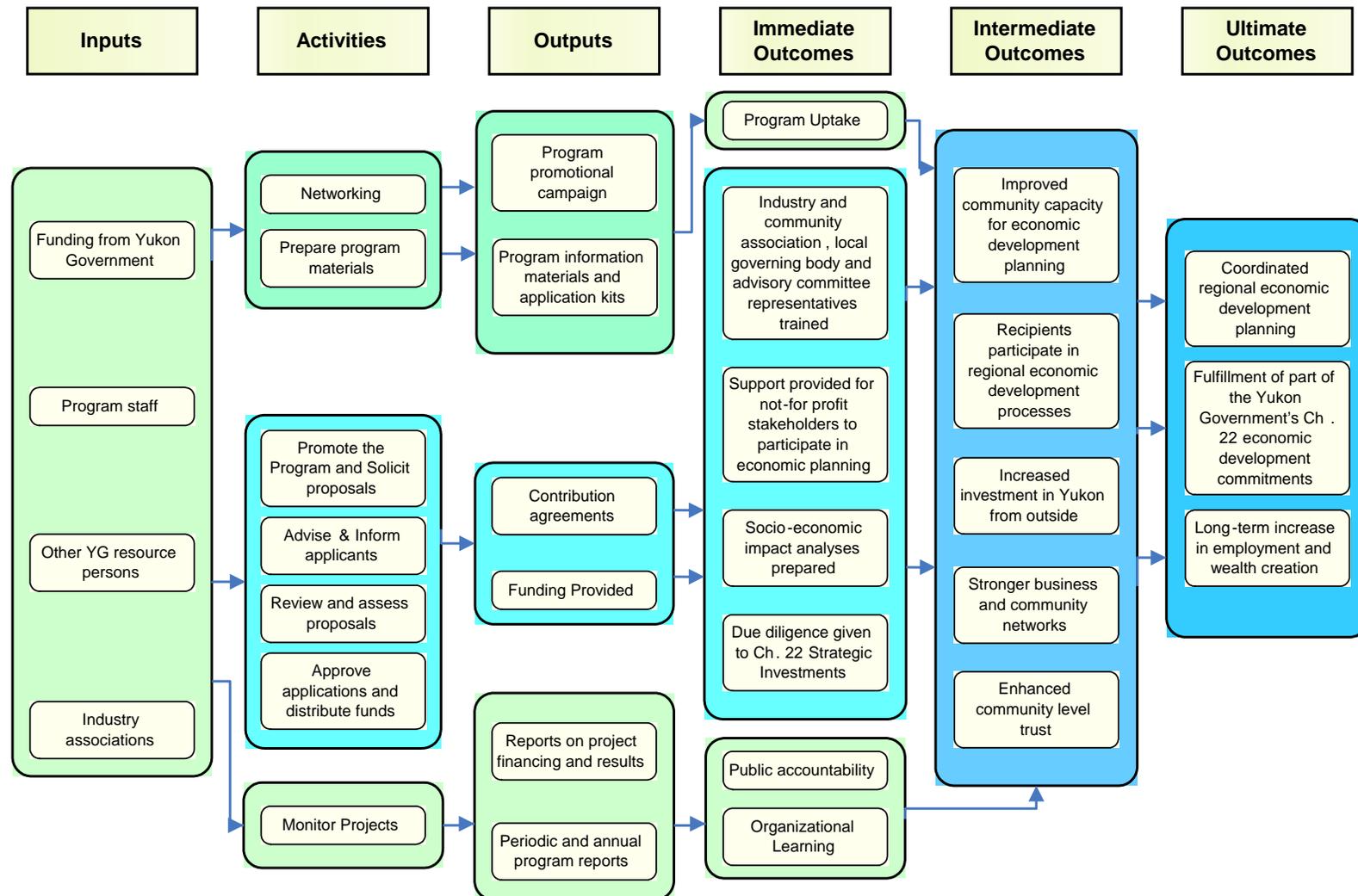
Assistance under the Regional Economic Development Fund is available for the activities described below:

- Travel costs (within Yukon) associated with participation in regional economic development planning processes;
- Telecommunications costs associated with participation in regional economic development planning processes;
- Professional fees for socio-economic research intended to inform regional economic development planning processes;
- Fees and travel costs for training of industry association, community association, local governing body and advisory committee representatives; and
- Due diligence costs related to chapter 22 strategic investments.

3.1.8 Funding mechanism

The proposed funding mechanism for the Regional Economic Development Fund is a non-repayable contribution agreement.

**Regional Economic Development Fund
Logic Model**



3.2 REDF Delivery Mechanism

3.2.1 Marketing

Marketing and promotion of the Regional Economic Development Fund will be undertaken with existing Department of Economic Development resources.

3.2.2 Funding levels

Maximum eligible funding for any single application is \$15,000. The total contribution from all Yukon Government sources in respect of the same project may not equal more than 75% of the total project costs. The proponents own financial contribution to the project must be demonstrated at least 15% of total project costs. The financial contribution of applicants who operate on a for-profit basis must be in the form of cash. The financial contribution of applicants who operate on a not-for-profit basis may be in the form of cash or in the form of in-kind contributions of time and effort by an organization's volunteer members.

3.2.3 Application procedures

Applications forms and guidelines for the Enterprise Development Fund are to be made available at the Department of Economic Development in Whitehorse, at territorial agents in Yukon communities and on the Government of Yukon website.

3.2.4 Intake schedule and approval timing

Regional Economic Development Fund applications may be submitted at any time during the year. Applications will be reviewed for completeness by the project intake officers. Proponents will be informed whether their application is complete or not within 6 business days of receipt of the application.

In the case of an incomplete application, the project intake officer will inform the proponent of the specific deficiencies.

When an application is deemed to be complete, the project intake officer will:

- (a) Immediately inform the proponent in writing, either by email or regular post.
- (b) Forward the application to the Assessment Committee.

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Proponents will be advised of the disposition of their application no more than 20 business days from the time that their submission has been determined to be complete .

The disposition of an application will be by one of the following outcomes:

- (a) Approval of the application as submitted.
- (b) Rejection of the application.
- (c) Approval subject to the proponent agreeing to specific changes.

3.2.5 Assessment criteria

All application approvals will be merit-based.

Applications will first be screened on the basis of the following mandatory criteria:

- The applicant is an eligible applicant, as set out in S. 3.1.6;
- The proponent's financial (including in-kind) contribution equals or exceeds the amounts set out in S. 3.2.2;
- The proposed activities comply with the criteria for eligible activities set out in S. 3.1.7.

Any application that fails to meet any of the screening criteria will be rejected, without further consideration.

The rating criteria against which application will be assessed include:

- Written demonstration of how the project will achieve one or more of the stated objectives of the Regional Economic Development Fund;
- Reasonableness of the funding request (e.g., strength of the link between costs and project outcomes);
- Experience and qualifications of the proponent;
- Success of previous projects undertaken by the same proponent assisted by the Regional Economic Development Fund;
- Expected increase in community capacity for economic development planning;
- A calculation of the degree of community participation in the project;
- Contribution of the project toward the fulfillment of the Yukon Government's commitments under Chapter 22 of the Land Claims Final Agreement.

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3.2.6 Approval authority

- Need to confirm involvement of Land Claims Secretariat

Each funding application will be assigned to a project officer who will be responsible for preparing an assessment of the application including a recommendation for the disposition of the application. Each application assessment will be reviewed by a committee comprised of: no fewer than two Project Officers; one Manager; and, a representative of the Yukon Government Land Claims and Implementation Secretariat. The committee may be assembled on an *ad hoc* basis according to the receipt of applications. Final approval by the Deputy Minister of Yukon Economic Development is required for all applications.

3.2.7 Financial details

Projects funds will be disbursed according to the following guidelines:

- Project proponents may request an advance payment of up to 50% of approved funding upon signing of the contribution agreement;
- Project proponents may request interim payments upon written demonstration work and third-party costs to date which together with the advance payment total no more than 80% of approved funding;
- Final payments (equal to total approved funding less all advance and interim payments) are to be made only upon receipt of a complete final report from the project proponent.
- Surplus funds (the excess of funding received by the proponent but not spent on an eligible activity) must be repaid in full to the Government of Yukon.
- The same proponent may make more than one application in the same fiscal year but may not receive more than \$35,000 in funding in any one fiscal year.

3.3 EDF Reporting Framework

The reporting framework is intended to provide for public accountability, and to provide performance information necessary for good management of the program.

3.3.1 Program Interest and Uptake Information

Program uptake information is an indicator of the achievement of the program marketing outputs. In addition, timely information about program interest and uptake is important for the ongoing management of the program.

Project intake officials shall:

- Create and maintain log of all interactive contacts (by phone, in person or by email) between program officials and prospective clients, in the form of an electronic database. The log will include the information required to generate the reports described below, along with proponent contact information required for possible program evaluations.
- Create and maintain a registry of all applications, in the form of an electronic database. This database will contain a subset of the information contained in the paper files for each application, and is intended to facilitate the timely creation of activity, progress, and performance reports. The registry shall include the information required to generate the reports described below, along with proponent contact information required for possible program evaluations.
- Submit a monthly activity report to the Deputy Minister which includes the following information broken down by type of applicant; type of activity; and location:
 - Number of prospective applications.
 - Number of prospective applications converted to actual applications.
 - Number of pre-application processes terminated.
 - Summary of reasons for termination, where known.
- Submit a monthly status report on applications received to the Deputy Minister, which includes the following information broken down by type of applicant; type of activity; and location:
 - Applications received since previous report.
 - Total applications to date.
 - Funding applied for by: program; type of applicant; type of activity; and location.
 - Other potential funding or in-kind contributions by source.

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- Disposition of the applications by: pending; accepted; rejected; returned for amendments; and
- Descriptions of any complaints received concerning perceptions that program activities are resulting in an uneven playing field in the business community or the creation of barriers to entry.
- The latest activity and application status reports will be provided to the members of the *ad hoc* selection committee, prior any application review meeting.

3.3.2 Project Financial Reporting

Funding recipients shall maintain records of:

- Personnel involved in the project; including those whose volunteer labour is being deemed to be an in-kind contribution, for purposes of matching project funds.
- Expenditures of Yukon Government funding by approved category.
- Expenditures of all other source project funding, by category.
- In-kind contributions by source and by approved category of use.

Recipients shall report all project expenditures, by source and category upon making a request for a progress payment. The expenditure reports will be made at least every quarter; or upon the earlier request of the Deputy Minister at any time the Deputy Minister considers appropriate, and in the public interest.

Project officers shall compile and verify financial information as it is submitted by funding recipients, and will submit a monthly financial summary report to the Deputy Minister. The financial report will be keyed to the project; and broken down by: type of applicant; type of activity; and location. The report shall contain the following information:

- Funds disbursed to recipients.
- Funds committed, but not yet disbursed.
- Value of project expenditures funded by other sources of funding, or value of in-kind contributions made to date.
- Amount of funds being held back for final project completion.
- Where applicable, amended project funding amounts, purposes, or funding timelines. Such amendments are subject to approval by the Deputy Minister.
- Amount (if any) of funding in dispute.
- Amount (if any) of funding returned to the Yukon Government.
- Amount (if any) of funds paid out, but owed back to the Yukon Government for whatever reason.

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3.3.3 Project Performance Reporting

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Recipients may report on any project outputs produced at any time, and they shall report on project outputs upon submitting a request for final payment.

Recipients shall submit a progress report on activities or project outputs, upon the request of the Deputy Minister, at any time the Deputy Minister considers to be appropriate, and in the public interest.

Project Officers shall compile project activity and output reports, and submit a summary progress report to the Deputy Minister each quarter.

Where the Deputy Minister deems it to be appropriate, the Project Officer shall independently verify the achievement of project outputs. This verification may involve a site-visit, interviews, examination of documents or other deliverables, or other suitable investigative method.

3.3.4 Program Financial and Performance Reporting

The Deputy Minister shall submit an Annual Report on the program to the Minister. The Minister shall table the Annual Report in the Legislature, at the earliest opportunity.

The Annual Report shall include the following information:

- Number and value of applications, by: type of recipient; type of activity; and location.
- Number and value of funded projects by: type of recipient; type of activity; and location. The program uptake is a measure of one of the Immediate Outcomes, as set out in the Program Logic Model
- Value of other funding, and in-kind contributions by: type of recipient; type of activity; and location.
- Summary of project outputs by: type of recipient; type of activity; and location. In aggregate, the project outputs comprise most of the “Immediate Outcomes” of the program, as set out in the program logic model.
- A summary of the organizational learning that has taken place, as a result of the program monitoring over the previous year. This summary would include any actions taken to modify the reach, objectives, funding profile, or implementation

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- processes of the program. Organizational learning is one of the Immediate Outcomes, as set out in the Program Logic Model.
- A report on the following indicators of Intermediate Outcomes:
 - Change in community capacity for economic development planning;
 - Number of recipients participating in regional economic development processes;
 - Value of new investment for Yukon-based businesses ;
 - Strength of business and community networks;
 - Change in level of community level trust of government;
 - A report on the following indicators of Ultimate Outcomes (with suitable disclaimers concerning measurement difficulties, and problems with attribution):
 - Amount of coordination of regional economic development planning;
 - Degree to which the Yukon Government's economic development commitments, under Chapter 22 of each self-governing Yukon First Nation's final agreement;
 - Long-term change in employment, and the level of wealth; particularly in First Nation communities.
 - Goals and objectives for the coming year.

3.3.5 Audit and Evaluation Requirements

The Deputy Minister or Minister may initiate an audit or evaluation of any project, at any time the Deputy Minister or Minister considers to be appropriate, and in the public interest.

The Deputy Minister or Minister may initiate an evaluation of the program, at any time the Deputy Minister or Minister considers to be appropriate, and in the public interest; within one year of the termination of the program.

The program is also subject to whatever internal or external audits may be initiated by Management Board, or the Legislative Assembly.

Funding recipients shall:

- Maintain all project financial, personnel, and performance information records for a minimum of five years following the completion of the project.
- Upon written request, and with appropriate notice, provide authorized representatives of the Yukon Government with access to the project work site(s), for up to one-year following completion of the project.

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- Provide authorized representatives of the Yukon Government with access to relevant records for a minimum of five years following the completion of the project.
- Participate in interviews, focus groups, or other reasonable information gathering activities, in conjunction with a program evaluation.
- Audit and evaluation reports shall be made public, within a reasonable time of completion, with the exception of any information protected under the *Access to Information and Protection of Privacy Act*.